

Message Text

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PAGE 01 EC BRU 02663 142155 Z

13

ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 PA-03 PRS-01 USIA-12

SS-15 NSC-10 RSR-01 L-03 OPIC-12 /159 W

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R 141745 Z MAY 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5205

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS EC BRUSSELS 2663

E. O. 11652: N/ A

TAGS: ECON, ELAB, EEC

SUBJECT: EC COMMISSION APPROVES REPORT ON REGIONAL
POLICY

REF: EC BRUSSELS 2474

1. BEGIN SUMMARY. THE EC COMMISSION, IN RESPONSE TO THE
INVITATION OF THE EC SUMMIT OF LAST OCTOBER WHICH CALLED FOR A
" VIGOROUS REGIONAL POLICY OF THE COMMUNITY"
AND INVITED THE COMMISSION TO MAKE APPROPRIATE PROPOSALS,
APPROVED ON MAY 3 THE COMMISSION' S REPORT ON
THIS SUBJECT PREPARED BY COMMISSIONER THOMSON, WHO IS
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PAGE 02 EC BRU 02663 142155 Z

RESPONSIBLE FOR REGIONAL POLICY. THE COMMISSION REPORT CONTAINS A DETAILED ANALYSIS OF REGIONAL PROBLEMS IN THE COMMUNITY AND OF THE REGIONAL POLICIES OF THE MEMBER STATES. IT THEN GOES ON TO PROPOSE GUIDELINES DESIGNED TO ELIMINATE REGIONAL IMBALANCES IN THE COMMUNITY. THOMSON WILL PRESENT HIS REPORT TO THE EC COUNCIL MEETING ON MAY 14-15. (THE TEXT OF THE COMMISSION' S REPORT IS BEING SENT BY POUCH TO THE DEPARTMENT.) END SUMMARY.

2. SUMMIT DECLARATION: THE EC HEADS OF STATE OR OF GOVERNMENT DECLARED IN OCTOBER IN PARIS THAT " A HIGH PRIORITY SHOULD BE GIVEN TO THE AIM OF CORRECTING, IN THE COMMUNITY, THE STRUCTURAL AND REGIONAL IMBALANCES WHICH MIGHT AFFECT THE REALIZATION OF ECONOMIC AND MONETARY UNION." THEY CALLED ON THE COMMUNITY INSTITUTIONS TO CREATE A REGIONAL DEVELOPMENT FUND BEFORE DECEMBER 31, 1973, AND INVITED THE COMMISSION TO PREPARE A REPORT ANALYZING REGIONAL PROBLEMS AND TO MAKE APPROPRIATE PROPOSALS.

3. GUIDELINES: THE COMMISSION' S REPORT CONTAINS A NUMBER OF " GUIDELINES" WHICH WILL FORM THE BASIS OF A DEBATE BY THE COMMUNITY INSTITUTIONS, IN CONSULTATION WITH THE COMMUNITY' S " SOCIAL PARTNERS" (LABOR AND MANAGEMENT). FOLLOWING THESE CONSULTATIONS, THE COMMISSION PLANS TO SUBMIT BY THE END OF JUNE FORMAL PROPOSALS CONCERNING THE REGIONAL DEVELOPMENT FUND AND A REGIONAL DEVELOPMENT COMMITTEE. (ON MAY 14, THOMSON PRESENTED HIS PROPOSALS TO THE EC COUNCIL, THUS BEGINNING THIS PROCESS OF CONSULTATIONS.)

4. THE GUIDELINES IN THE COMMISSION' S REPORT CAN BE SUMMARIZED AS FOLLOWS: (A) COMMUNITY REGIONAL POLICY MUST COMPLEMENT AND NOT SUBSTITUTE FOR MEMBER STATE NATIONAL POLICIES, REQUIRING THE CLOSEST COOPERATION BETWEEN THE COMMUNITY AND THE MEMBER STATES; (B) IN ADDITION TO GIVING AID TO THE LESS DEVELOPED REGIONS, THE COMMUNITY SHOULD SEEK AGREEMENT BETWEEN THE MEMBER STATES ON REDUCING ECONOMIC CONCENTRATION IN CONGESTED REGIONS; (C) COORDINATION OF VARIOUS COMMON POLICIES AND FINANCIAL INSTRUMENTS AT THE COMMUNITY LEVEL IS REQUIRED; (D) TO FACILITATE COORDINATION, A COMMUNITY REGIONAL DEVELOPMENT COMMITTEE MUST BE SET UP, WHICH WILL PROVIDE FOR THE " CLOSEST COOPERATION WITH THE SOCIAL PARTNERS"; (E) FEOGA FUNDS UNCLASSIFIED

UNCLASSIFIED

PAGE 03 EC BRU 02663 142155 Z

SHOULD BE USED TO CREATE INDUSTRIAL EMPLOYMENT IN AGRICULTURAL PRIORITY AREAS. MOREOVER, THE COMMISSION STATES IT WILL ALSO CONSIDER OTHER REGIONAL POLICY INSTRUMENTS, SUCH AS ESTABLISHMENT OF A REGIONAL DEVELOPMENT COMPANY AND A EUROPEAN GUARANTEE SYSTEM FOR LOANS; (F) THE REGIONAL DEVELOPMENT FUND IS TO BE THE " PRINCIPAL VEHICLE" FOR

MOBILIZING COMMUNITY RESOURCES AND SHOULD BE OF " SUFFICIENT SIZE"
IN MEETING THE TARGET DATE SET BY THE EC SUMMIT.

5. THE COMMISSION NOTES IN ITS REPORT THAT THERE ARE
COGENT MORAL, ENVIRONMENTAL AND ECONOMIC REASONS WHICH MAKE "
COMPELLING" A COMMUNITY REGIONAL POLICY. IT NOTES THAT
DESPITE THE ACHIEVEMENT OF CONTINUOUS EXPANSION, THERE HAS BEEN
A LACK OF BALANCED EXPANSION IN THE COMMUNITY, IN ECONOMIC OR
GEOGRAPHIC TERMS. IT STATES THAT THE " RICHEST AREAS IN THE
COMMUNITY HAVE AN INCOME PER HEAD ABOUT FIVE TIMES THAT OF THE
POOREST."
THE COMMISSION EMPHASIZES ECONOMIC CONSIDERATIONS " ARE NOW
REINFORCED BY THE SUMMIT MANDATE ON ACHIEVING ECONOMIC AND
MONETARY
UNION AS A NECESSARY CONDITION FOR CREATING A EUROPEAN UNION."

6 . COMMENT: DURING THE COURSE OF A PRESS CONFERENCE
ON MAY 4 IN WHICH HE PRESENTED THE COMMISSION' S REPORT,
GEORGE THOMSON STRONGLY EMPHASIZED THE DIRECT LINK
WHICH EXISTS BETWEEN REGIONAL POLICY, AND ECONOMIC AND
MONETARY UNION. HE NOTED THAT IT WOULD BE UNLIKELY THAT THE
MEMBER STATES WOULD ACCEPT THE DISCIPLINE OF ECONOMIC AND MONETARY
UNION UNLESS THERE WAS A WILLINGNESS TO ASSIST EACH OTHER IN
REDUCING REGIONAL IMBALANCES.
ALTHOUGH THOMSON REFUSED TO ESTIMATE THE SIZE OF THE FUNDS
NEEDED FOR THIS PURPOSE, HE INSISTED THAT THE CONCEPT OF " A
FAIR RETURN" FOR CONTRIBUTIONS BY MEMBER STATES TO OTHER AREAS
OF COMMUNITY ACTIVITY MUST BE EXCLUDED. HE ALSO NOTED THAT THE
COMMISSION WILL EXAMINE A PROPOSAL MADE BY THE MONNET ACTION
COMMITTEE FOR A UNITED STATES OF EUROPE (REFTEL) CALLING UPON
THE COMMUNITY TO USE ITS FINANCIAL RESOURCES TO FLOAT LOANS,
BUT HE EMPHASIZED THAT, AT PRESENT, THE QUESTION IS TO ASSURE
ADEQUATE DISTRIBUTION OF THE COMMUNITY' S OWN RESOURCES. THOMSON
ALSO NOTED THAT THE CRITERIA FOR DISTRIBUTION OF FUNDS (ENUMERATED
IN THE REPORT) SHOULD BE APPLIED IN A FLEXIBLE AND DYNAMIC
FASHION.

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PAGE 04 EC BRU 02663 142155 Z

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